

## The Federal Long Term Care Insurance Program



Sponsored by the U.S. Office of  
Personnel Management and Offered  
by John Hancock and MetLife

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# Talking with Your Parents About Long Term Care and Long Term Care Insurance

"I sincerely hope you'll share this  
vitally important information  
with your parents!"

**Kay Coles James**  
Director,  
U.S. Office of Personnel Management

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# Long Term Care:

## *An Important Consideration for Your Parent(s)*

**It's a fact:** people are living longer than ever. According to recent statistics, American men and women who reach age 65 can expect to live into their eighties.<sup>1</sup> While that's certainly good news, it also raises a more somber point — the longer we live, the more likely we are to suffer a chronic or disabling illness. Long term care is chronic care. It's the type of care you receive if you need help with daily activities such as bathing or dressing. It's also the kind of care you'd receive if you need someone to be with you for safety reasons because of a severe cognitive impairment (such as Alzheimer's disease).

What are the chances your parents will need long term care? Over half (60%) of people who reach age 65 will need long term care at some point in their lives.<sup>2</sup>

This brochure can help you focus on the impact that long term care could have on your parents and you — and help you approach your parents in a way that enables everyone to make sound, informed decisions.



### Tips for Talking with Your Parents

The subject of long term care may be unfamiliar to your parents — and even if it's not, it may still be difficult to discuss. Your parents may not feel comfortable talking to you about the prospect of needing prolonged assistance with routine daily activities as they get older, or needing someone to be with them because of a cognitive impairment. They may also feel uneasy about discussing their finances. Here are some suggestions that can help you begin your discussion:

- Offer reasons for wanting to discuss long term care. How would your parents want to handle this if faced with such a situation?
- Give your parents the facts about long term care.
- Provide examples of what happened to individuals you've known when they were faced with a long term care decision.
- Involve other family members in your discussion.
- Start your discussion as soon as possible.
- Keep an open mind.
- Respect your parents' decisions.

<sup>1</sup> Administration on Aging, U.S. Department of Health and Human Services, *Profile of Older Americans 2000*.

<sup>2</sup> *Long-Term Care Insurance, Baby Boom or Bust?*, Conning & Company, 1999, page 13.

***With these suggestions in mind, let's next consider the kinds of issues that you and your parents might discuss...***

# Planning for Long Term Care

Long term care could impact your parents' lifestyle and finances as well as yours.

## Where Will Your Parents Live?

Perhaps your parents would prefer to remain at home. If so, consider the impact that will have on their lifestyle and yours. Who will take care of your parents? Will they live with you—and how will that impact you and your family? Will you and other family members be able to share the role of caregiver? What about friends, neighbors, or other people whom your parents know and trust? Your parents may think they will just take care of each other. But is that realistic as they age? Caregiving can be a physically and emotionally exhausting job. And, they may need help at the same time and could not care for each other.

Are your parents aware of the availability and costs of formal home care services? If you and your parents agree that an assisted living facility would be the best solution — or if a nursing home becomes necessary — consider researching these facilities to find out the costs involved.

## How Expensive is Long Term Care?

If your parents are thinking about using their own money to pay for long term care, think about what that could do to their retirement assets.

### HOME CARE

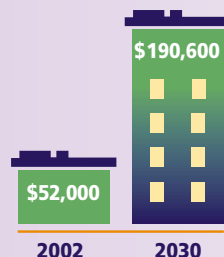
The average annual cost for home care is well over \$20,000. That's \$18/hour<sup>3</sup>, five hours per day, five days a week for a home health aide. That cost is expected to climb to \$68,000 by 2030.<sup>4</sup>



<sup>3</sup> MetLife Market Survey of Nursing Home and Home Care Costs, April 2002.

<sup>4</sup> *Can Aging Baby Boomers Avoid the Nursing Home?*, Stucki, B., and Mulvey, J., American Council of Life Insurers, March 2000, page 15.

### NURSING HOME CARE



The national average annual cost for care in a nursing home is \$52,000 for a semi-private room.<sup>3</sup> That cost is expected to climb to \$190,600 by 2030!<sup>4</sup>

## Who Will Pay for Your Parents' Long Term Care Services?

Medicare and medical insurance do not routinely pay for many long term care expenses. And Medicaid, the government program to help those who meet their state's poverty guidelines, won't kick in until virtually all of a person's assets — and his/her spouse's assets — have been depleted. For those not on Medicaid, most of the cost of long term care comes out of their own pockets.

Could your parents pay these potential bills? If your parents can't pay for their own care, would you or other family members be able to? Would you want to? And based on the average annual costs for long term care mentioned earlier, how long would your parents' life savings last? Your parents could preserve their assets by purchasing long term care insurance, such as through the Federal Long Term Care Insurance Program.

## Why Long Term Care Insurance?

It is clear that important decisions will have to be made should your parents need long term care. Considering the expense of long term care and the limited coverage available from other sources, long term care insurance can be an excellent choice for your parents' future. With this type of coverage, you and your parents can have peace of mind, knowing they have benefits to help maintain their financial and personal independence, if one day they are unable to care for themselves. What's more, premiums for long term care insurance can be surprisingly affordable.

# **The Federal Long Term Care Insurance Program:** *Peace of Mind for Your Parents and You!*

One of the most exciting and important benefits for the Federal Family is the Federal Long Term Care Insurance Program sponsored by the U.S. Office of Personnel Management (OPM). If you are an eligible Federal or U.S. Postal employee or member of the uniformed services, your parents, stepparents and parents-in-law may also apply for insurance under this Program.

## **What Makes the Federal Long Term Care Insurance Program Special?**

It's important to keep in mind that not all long term care insurance policies are alike: benefits, costs, and types of coverage vary.

### ***Companies you can count on.***

The Federal Long Term Care Insurance Program reflects the long and careful efforts of OPM and two insurance leaders — John Hancock and MetLife — to provide comprehensive benefits and group premiums that can help ensure your parents' independence. John Hancock and MetLife have been offering long term care insurance for almost 15 years and have a long history of rate stability. The result is a Program that can help bring peace of mind not only to your parents, but to you as well.

### ***Coverage in a wide range of settings.***

If your parents apply and are approved for insurance coverage, they will have flexibility on where to receive covered care. The Program covers care in their own home if that's where they prefer to remain. It also covers care in an assisted living facility, nursing home or hospice. It's important to note that your parents can also receive services in any combination of these settings. In other words, if your parents receive care at home and then need to move to an assisted living facility — and from there to a

nursing home — benefits would be available in each setting.

### ***Home Care also includes Informal Care!***

Unlike some other plans, our Program covers approved care provided in the home by friends, family members and other non-licensed caregivers who didn't normally live in your parents' home at the time they became eligible for benefits. If your enrolled parents receive informal care from a family member, this care would be covered for up to 365 days in their lifetime.

### ***Care Coordination Services provide special assistance.***

Our care coordinators can arrange for discounted services, monitor the care your parents receive, and assist with altering that care as needs change. Care coordination not only can enhance the level of care your parents receive, it can help ease the burden on you, too.

### ***Apply While Healthy!***

The Federal Program requires underwriting — that means it will evaluate applicants' health to determine if they are insurable. Someone in poor health may not qualify for the insurance. So it's smart for your parents to apply while they are in good health.

**For a **FREE** Information Kit and application for your parents...**

**Call **1-800-LTC-FEDS**  
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1-800-843-3557) or visit  
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